

Exhibit 3



CITY OF CHICAGO



CHICAGO DEPARTMENT OF AVIATION

March 24, 2025

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Re: Redetermination of Gate Space at O'Hare Airport

The Airline Use and Lease Agreement ("AULA")¹ was executed seven years ago. In those seven years, the City of Chicago Department of Aviation (the "City") and our airline partners have weathered challenges, including operating through a global pandemic. Together, we refused to allow those challenges to prevent accomplishment. Since the AULA was executed, we have completed the O'Hare Modernization Program, expanded Terminal 5, constructed a new parking garage and the Lower Concourse C Extension, and commenced \$300 million of investments in Terminal 3. We are now prepared to embark on what's shaping up to be one of O'Hare's busiest summers while simultaneously moving forward with the TAP Program and other projects authorized by the AULA.

2025 has also presented a new opportunity for O'Hare: the first Gate Space redetermination under the AULA. On February 3, 2025, the City sent a letter providing notice that a redetermination of Gate Space provided for under Article 5 of the AULA had been triggered. The City has since received communications from a number of Long-Term Signatory Airlines setting forth various positions on the City's authority and obligation to conduct a redetermination of Gate Space in 2025. As always, the City welcomes the input of its airline partners serving O'Hare. After closely considering the communications received, the City will be conducting the redetermination of Gate Space as previously noticed.

AULA Section 5.2.4 provides:

Upon the completion of the T-5 Extension and the relocation from the Main Terminal to Terminal 5 of one or more Long-Term Signatory Airlines ("Relocating Airlines"), the City shall allocate Linear Frontage in accordance with Exhibit D-1.3 with such assignments to remain in place for a period of at least twelve (12) months ("Gate Space Ramp-up Period").

¹ Capitalized terms not defined in this letter have the meaning given to them in the AULA and section references are to sections of the AULA unless otherwise noted.

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The “completion of the Terminal 5 Extension and the relocation from the Main Terminal to Terminal 5 of one or more Long-Term Signatory Airlines” occurred in 2023, and the City allocated Linear Frontage “in accordance with Exhibit D-1.3” at that time. Those assignments have remained in place for at least twelve months, and the next redetermination of Gate Space may take place in 2025. *See* § 5.3.2. The Gate Space redetermination process was properly triggered pursuant to Section 5.4.1 as described in the City’s February 3 letter.

Objections to conducting a redetermination of Gate Space in 2025 appear to be based, at least in part, on a perception that the City’s allocation of Linear Frontage must follow precisely every element of Exhibit D-1.3 for the entirety of the Gate Space Ramp-up Period. This is not required by the AULA and would lead to absurd results. For example, the permanent closure of Gate C8 to make room for the Lower Concourse C Extension makes it impossible to allocate Linear Frontage in a manner precisely identical to Exhibit D-1.3. Further, construction requires closures of Gate Space and interim, transitional reassignment of Gate Space from time to time. Freezing Linear Frontage allocations precisely as shown on Exhibit D-1.3 would limit the City’s ability to manage Gate Space during construction. The City has allocated Linear Frontage “in accordance with Exhibit D-1.3” and is not required to allocate Linear Frontage in a manner precisely identical to Exhibit D-1.3.

With all this progress being made on TAP and other capital improvements at O’Hare, the annual Gate Space redetermination process is key to optimizing the use of Gate Space at O’Hare and providing operational flexibility during construction. It is also essential to the City’s federal obligations to the Federal Aviation Administration (“FAA”). In 2018, the City notified the FAA of the AULA and the Gate Space redetermination provisions as part of the City’s competition plan, as required by federal law.² *See* 49 U.S.C. § 47106(f). Seven years later, the conditions have been met for the City to implement the Gate Space redetermination process, and the City shall proceed accordingly.

We thank you for your continued partnership and the vote of confidence your summer schedules show in O’Hare and the City.

Sincerely,

Jamie Rhee
Commissioner

² O’Hare Competition Plan Update (July 6, 2018),
https://www.flychicago.com/SiteCollectionDocuments/Business/AboutCDA/CompetitionPlan_OR.pdf.